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ABSTRACT

Responses of college administrators in schools facing conditions of fiscal stress, and alternative strategies found to be effective in private sector firms are examined. It is suggested that many college administrators are responding to conditions of decline by being conservative and efficiency oriented. A number of factors within and outside the institution that create pressure to respond in this way are identified. Research on colleges and universities and on private sector firms are reported which suggest that these responses are detrimental to long-term organizational viability. A study of 40 colleges in the northeast United States (Cameron, 1981) provided responses from 600 faculty members and 694 administrators from public, private, and church-related institutions. Results suggest that administrators in declining institutions focus on internal resource allocation problems (budgeting and finance), rely on past policies and practices (standardization), and do not value organizational goals in the critical academic domain that lies at the center of college and university output. Administrator behavior in these declining organizations may actually perpetuate the decline by eliminating the possibility of expanding resource bases through proactive environmental contacting (e.g., public relations work), by relying on standardized procedures that were successful in past circumstances, and by driving out self-designing characteristics. A study by Miles and Cameron (1982) is described that illustrates how a private sector organization managed decline differently (the U.S. tobacco industry from 1950 to 1979). Suggested solutions to decline are outlined that involve domain defense, offense, and creation strategies and that focus on effectiveness, innovation, and the external environment. (SW)

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Decline, Strategic Emphasis, and Organizational Effectiveness

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Responses to fiscal stress: Contrasting higher education and the private sector

Most predictions of the future of colleges and universities as organizations include conditions of decline.[1] The severity and precise nature of the decline is unknown, but almost everyone agrees that we are facing an era of cut-back. For example, census projections predict that the numbers of 18-year olds and the high school graduates will decline in absolute numbers until at least 1992, and it will be near the year 2000 before their numbers reach the 1980 levels again. (See figures 1 and 2.)

FIGURE 1 ABOUT HERE

FIGURE 2 ABOUT HERE

Some writers have suggested that because of increased participation rates by 18-year olds and an increase in enrollments of non-traditional students (e.g., older women, returnees, foreigners, continuing education students), the severity of the decline will be minimal, if it occurs at all (Bowen, 1974). Others suggest that the decline will be even more severe than trends show because rising costs will result in fewer middle- and lower class individuals pursuing a college education (Freeman, 1976). Moreover, because private sector organizations are increasingly finding that a college education is not good preparation for job success, they are instituting their own education programs (Mintzberg, 1975; Whetten & Cameron, 1982; Livingston, 1971). Baldridge (1982), on the one hand,

found in a national survey of college and university presidents that most expect enrollment Increases or stability over the next five years (only 16 percent expect decreases), while on the other hand, Kiitgaard (1979) suggested that enrollment decline problems will be typical of a large percentage of institutions.

Deitch (1978) may have best summarized this issue by stating:

> "What is in store for enrollment?" This question brings to mind the answer once given to the question, "What will the stock market do?" The answer--the only answer in which one can have great confidence--was, "It will fluctuate." Obviously no one knows for sure what will happen to enrollment. The range of possibilities receiving serious attention contains enormous variation.

Despite the disagreement in enrollment projections, there is much more concensus regarding the financial crunch facing colleges and universities. Even in institutions with growing enrollments, costs are outstripping resources and budgets are falling further and further behind growth (Bowen, 1980). Few writers challenge the reality of future fiscal declines in higher education (Whetten, 1981b). Slowed economic growth, increasing energy costs, declines in productivity, inconsistent federal economic policies over time, and increasingly competitive world markets have led several authors to suggest that stability and decline are replacing growth as the prime characteristic of the nation's economy (Scott, 1979; Heilbronner, 1976; Daly, 1977). The management of conditions of decline therefore, has become a major requirement of managers and administratos in most sectors of American organizations, and especially in higher education.

Inhibitors to Managing Decline

Unfortunately, managers and administrators are not generally prepared to cope with or to effectively manage decline in most organizations, and in higher education in particular. There are at least three reasons why.

First, the experience of most administrators and managers has largely been in responding to conditions of growth. As Boulding (1975:8) noted:

> . . . we are very ill-equipped for the management of decline, for several generations, a considerable proportion of the human race, and the United States in particular, has enjoyed growth in almost all aspects of social life . . .
>
> All our institutions and ways of thinking have survived because they were well adapted to an age of rapid growth. If this age is now coming to an end, large adjustments will have to be made in our ways of thinking, in our habits and standards of decision making, and perhaps even in our institutions.

In higher education, abundant financial resources and steadily increasing enrollments made conditions of growth almost universal during the 1950's, 1960's, and early 1970's. Expansions of physical plant and programs were typical. Boulding (1975:8) suggested:

> Present educational administrators have grown up in the rapid growth (era) and have been selected presumably because they are well adjusted to growth and capable of dealing with it. Perhaps the most serious immediate problem facing education and especially higher education, is that many skills that were highly desirable during the last 30 years may no longer be needed in the next 30 years.
>
> One of education's first priorities, therefore, should be to develop a new generation of academic administrators who are skilled in the process of adjusting to decline. Yet we know so little about decline that we are not even sure what these skills are.

Second, the values and ideology of our culture emphasize growth and expansion as being indicative of effectiveness. Whetten (1980b) pointed out that large size is widely lauded as a desirable organizational characteristic in our culture. It enhances economies of scale, the ability to absorb the shocks accompanying environmental change, and productive capacity (Argenti, 1976; Kaufman, 1973; Perrow, 1979). Managers typically are evaluated positively if they produce more, obtain a

larger budget, or expand their organizations. When the reverse occurs, negative evaluations normally result. Scott observed (1974:247):

> What politican, public administrator or business executive in practice supports overtly to his constituents policies of economic contraction, reduction of agency services, or stabilization of sales volume and corporate earnings? How many university courses are offered in "How to Shrink a Business?" How frequently do articles appear in the professional literature about management strategies of organizational stability or decay? These things seldom happen because they reflect values that are foreign to American expectations and, thereby, are foreign to the mainstream of management thought and practice.

Easton (1975:5) made a similar argument:

> Contraction will be difficult [to manage] for two reasons: (1) the reverse process [of growth] is undoubtedly harder to perform, and (2) very few of today's managers and administrators have sufficient knowledge, experience, or training to cope with business contraction. Today's managers are trained in another school where to "grow or die" rules their hearts and minds.

A third reason for the unpreparedness of administrators and managers in managing conditions of decline is that most current <u>organizational theory is based on assumptions of growth</u>. Decline is ignored. For example, the most widely accepted theory of organizations is contingency theory which is based on the notion that organizations are open systems. The more uncertainty and turbulence in the external environment, the more the organization should differentiate or complexify in order to adjust (Burns & Stalker, 1961; Lawrence & Lorsch, 1969). This is generally done by adding boundary spanners, new departments, additional information processing units, looser coupling, and so on. That is, by <u>growing</u>.

Organizational development (O.D.) as a field is concerned with changing and improving organizations. It assumes that as organizational size increases, one must become more and more sensitive to the human

aspects of the organization (Argyris, 1964). That is, the tendency of organizations is to become rigid, centralized, and bureaucratic as they grow. The field of organizational development advocates humanizing the work place, enriching jobs and organizational climate, enhancing participation, and instituting win-win relationships (Quinn & Cameron, 1982). The assumption is that since organizations grow over time, O. D. is needed.

One of the most popular theories of organizational design was developed by Galbraith (1977). This theory assumes that the major problem faced by organizations is to process increasingly complex amounts of information and to coordinate organizational subunits in light of increasing complexity. This coordination occurs by designing the organization in increasingly complex ways. Matrix designs are the most complex form, and they are needed because of the growth in the organization resulting from information processing needs.

The organizational theories most likely to address issues of decline are the models of organizational life cycles. These are models that trace the development of organizations from their birth through their life histories. Most models hypothesize that identifiable stages occur in organizations as they develop. Yet, of the ten life-cycles models reviewed by Quinn and Cameron (1982), only one mentions organizational decline (Adizes, 1979). The others assume an unending pattern of growth.

Other examples could be cited, but the point is clear. Organizational researchers and theorists have based their perspectives of organizations on assumptions of growth, and decline has been either ignored as a phenomenon or treated as an unsuccessful aberration from the normal course of events.

Consequences of Decline in Higher Education

This emphasis on growth has led to some interesting consequences in higher education. These consequences are not universal by any means, but they are typical in a great many institutions. The consequences are that when faced with conditions of decline, administrators define these conditions as resource allocation problems or problems of efficiency, and they respond conservatively as opposed to innovatively. Boyd (1979:2-3) noted after reviewing several retrenchment case studies, for example, ". . . there is relatively little innovation being stimulated by the need to economize. . . educational organizations are basically doing less of the same." Rubin's (1979) study of five universities responding to declining resources confirmed this conservative pattern. Meeth (1974) suggested that the central concern of higher education has been how to provide quality education for less money by focusing on efficiency. Whetten (1981b) pointed out several examples of how administrators in higher education emphasize internal resource allocation aimed at operating more efficiently at the expense of longer term strategies for ensuring effectiveness.

The major point of this paper is that these orientations toward conservatism and efficiency may be deadly for colleges and universities. Not only are they contrary to the prescriptions of organizational theory for responding to decline (Starbuck, Gieve, Hedberg, 1978; Hedberg, Nystrom, & Starbuck, 1976; Whetten, 1980b, 1981a, b), but empirical evidence garnered from studies of private sector organizations indicates that the conservative, efficiency oriented coping patterns followed by many colleges and universities lead to ineffective performance and even organizational death.

The remainder of this paper discusses some reasons for administrators and managers in colleges and universities being conservative and efficiency oriented when faced with conditions of decline. Findings from two studies, one of colleges and universities and one of some private-sector firms facing decline, are presented to illustrate the differences in strategies present among these two groups. Finally, some suggestions are made for improving adaptation to decline in higher education organizations.

Efficiency versus Effectiveness

At the outset, it is important to differentiate between the concepts of efficiency and effectiveness. Efficiency is generally measured quite easily by computing the ratio of some output to some input (e.g., cost per student, cost per institutional unit). It is concerned with the internal processes of the organization, reducing waste or organizational "fat", and doing the same things with fewer resources. A concern with efficiency in an organization is largely a concern with resource allocation, or with better use of resources, as opposed to resource generation. "Doing things right" lies at the heart of the notion of efficiency.

Effectiveness, on the other hand, is not easily measured. It is a construct with no precise or agreed upon indicators (Cameron & Whetten, 1982). It is concerned at least as much with organization-environment relations as with internal processes (Pfeffer & Salancik, 1978), and with resource acquisition more than resource allocation (Yuchtman & Seashore, 1967). "Doing the right things" is more important than "doing things right." Effectiveness and efficiency are weakly related in many organizations since it is possible to be effective without being efficient and vice versa.

Reasons for Efficiency Orientation and Conservatism

Whetten (1981b) has argued that administrators in colleges and universities tend to focus on efficiency at the expense of effectiveness when facing decline and to respond conservatively rather than innovatively. At least seven reasons can be found for this tendency. First, organizational effectiveness has been extremely difficult to define, let alone measure, in higher education. Cameron (1980, 1981b) pointed out that the major models of effectiveness currently being used by researchers are not applicable to colleges and universities because of their characteristics as "organized anarchies" or "loosely coupled systems" (Cohen & March, 1974; Weick, 1976). Indicators of efficiency or subjective reputational ratings, therefore, are substituted for measures of effectiveness. And when the only identifiable indicators of success are efficiency measures, administrators naturally place a great deal of emphasis on them.

Second, the stress resulting from having to face conditions of decline leads to conservatism and self-protective behaviors (Whetten, 1980b; Bozeman & Slusher, 1979). A common side-effect of decline is personal stress among managers, and research has shown that the consequences of this decline-induced stress are: (1) engaging in anxiety reducing behaviors at the expense of problem-solving behaviors, (2) reducing the risk of mistakes (which are more visible under conditions of decline) by becoming conservative, (3) restricting the communication network, (4) reducing the number of participants in decisionmaking, (5) enforcing rules more closely, (6) rejecting disconfirming or contrary information more readily, (7) perceiving tasks and decisions to be more

difficult, and (8) being prone to "groupthink" dynamics (Janis, 1971; Anderson, 1976; Hermann, 1963; Hall & Mansfield, 1971).

Third, there is a tendency to pursue strategies that were successful in times past--in conditions of abundance and growth--even though they are inappropriate under current conditions of decline (March & Simon, 1958; Huber, 1980). New problems are almost always interpreted in the framework of old problems, and old alternatives are tried first. In times of abundance and growth, the major concerns are related to resource allocation, not resource acquisition, so conditions of decline frequently are viewed as resouce allocation problems as well. Because growth in higher education occurred despite the actions taken by administrators, non-aggressive, non-risky strategies generally are the first alternatives selected under conditions of decline as well. Boyd (1979) found, for example, that when administrators had experienced conditions of decline in the past (a ⩙ pattern of growth), they were much more able and willing to manage current conditions of decline than were administrators who experienced only growth (a / pattern). This tendency toward non-agressiveness and laissez-faire leadership for administrators is consistent with attribution theory which predicts that individuals tend to attribute successes to personal (internal) factors and failures to environmental (external) factors beyond their control. Conditions of decline, therefore, are often viewed as outside the organization's control, so responses are conservative.

Fourth, colleges and universities are frequently structured as loosely coupled systems, governed by committees and semi-autonomous subunits. They are similar to political organizations in having multiple constituencies to satisfy, each with vested interests, some of which are

conflicting (Pfeffer, 1978). Multiple interest groups and semi-autonomous subunits make consensus on any decision unlikely, and resistance from some group to almost any strategy is almost guaranteed (Bardach, 1976). A consistent strategy for coping with decline is therefore difficult to develop, especially an innovative or risky strategy. Miles and Snow (1978) referred to these kinds of organizations--those without consistent strategies--as "reactors". Research has found them to be the least effective of all types of organizations (Snow & Hrebiniak, 1979). Because conflict is heightened under conditions of decline and scarcity (Whetten, 1981b), these multiple constituency perspectives are even more adamantly defended, so administrators are prone towards "satisficing" and conservative strategies to ameliorate the conflicts.

Fifth, what is measured attracts attention. Because efficiency is easily measured and effectiveness is difficult to measure, efficiency is given more attention by administrators. Most institutions have budget (efficiency) monitoring devises in place, but few have any mechanisms to monitor effectiveness. And marketing research has found that when individuals cannot judge something on the basis of its primary characteristics (e.g., how well soap gets out dirt), they make judgments on the basis of secondary characteristics (e.g., the color of the box) (Whetten, 1981b). Indicators of efficiency (secondary characteristics) are therefore substituted for indicators of effectiveness (primary characteristics) (Pfeffer & Salancik, 1978).

Sixth, many competent, innovative leaders have learned to "skate fast over thin ice" (Ritti & Funkhauser, 1977; Levine, 1979). That is, the most creative and most innovative individuals are frequently the first to leave an organization when decline occurs (Downs, 1967; Hirschman, 1970).

Not only does decline produce stress and discomfort, but these individuals are the most likely to have other job opportunities in other organizations. Therefore, administrators left to manage decline tend to "play it safe," or to avoid upsetting the apple cart with risky strategies. The emphasis is one minimizing the regret of staying in the organization for organizational participants.

Seventh, innovation is often viewed as a cause of decline (Shils, 1974). When resources were prevalent and rapid growth was the norm, many institutions experimented and expanded to the point that their programs and physical plant facilities are difficult to maintain. They produce a financial burden on many institutions facing conditions of decline. The natural response, therefore, is not only to eliminate non-traditional and innovative programs, but to avoid instituting any more innovative or creative alternatives. Institutions therefore become more conservative.

Research on College and University Decline

These tendencies for administrators to respond to decline with conservatism and an efficiency orientation are illustrated by a study of 40 institutions of higher education in the northeast United States (Cameron, 1981a)[2]. A questionnaire was mailed to 2147 faculty department heads and administrators in the 40 colleges and universities to assess perceptions of organizational structure and the environment, strategic emphases of administrators, organizational goal preferences, and organizational effectiveness. Usable returns were received from 1294 individuals (60.2%) categorized as general administrators (e.g., presidents), academic administrators (e.g., provosts), financial administrators (e.g., business vice presidents), student affairs administrators (e.g., deans of students) and faculty department heads

(e.g., chairperson of Psychology). Six hundred respondents were faculty members, and 694 were administrators. The institutions ranged in age from 12 years to 212 years. Sixteen were state schools, 18 were private-secular, and six were private-religious.

Of particular interest in the study was patterns of enrollment growth or decline. Enrollment growth among the institutions ranged from -20 to +150 percent over a six year period—1970-1976. A six year period was used rather than a shorter time frame because structure and strategic emphasis change would not likely be observed if decline was experienced for only a year or two (Ford, 1980a). But when enrollments decline (or grow) each year for six years, changes would be expected to occur in the factors under investigation.

Following the procedure used by Hannan and Freeman (1978) to define organizational growth and organizational decline, the 40 institutions were grouped into four categories based on their patterns of growth/decline over the six year period. Group 1 consisted of two institutions which declined in enrollment each year of the study period. Their average decline was -13 percent. They were labelled declining institutions. Group 2 consisted of 13 stable institutions which experienced slight growth in some years, slight decline in others, and no growth or decline in still others. Their enrollments were largely stable over the study period. Group 3 was labelled moderately growing institutions and consisted of 15 schools which increased in enrollment each year, with an average growth of 20 percent. Finally, group 4 consisted of ten schools which grew dramatically over the years of the study period averaging 50 percent growth in enrollments. They were called rapidly growing institutions.

Using ANOVA and multiple discriminant analysis procedures, significant differences were found among the groups of institutions based on their growth/decline patterns. What is relevant here are the differences between the declining institutions and the others (see footnote 2). Colleges and universities experiencing decline had significantly more standardized structures--they relied on past, conservative practices--the external environment was perceived as being lean in resources (see figure 3), and organizational

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FIGURE 3 ABOUT HERE

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effectiveness (using Cameron's [1978] instrument) was low in dimensions representing the core academic domain and the morale domain. Declining institutions had high effectiveness in dealing with internal organizational concerns, however (e.g., efficiency) (see figure 4). Goals related to improving academic domain

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FIGURE 4 ABOUT HERE

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effectiveness were not highly valued in these institutions (see figure 5). The most significant differences, however, and the differences that relate to the main point of this paper, occurred

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FIGURE 5 ABOUT HERE

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in the strategic emphases of top administrators. In declining institutions, administrators tended to emphasize budgeting and fiscal concerns along with fund raising. Little emphasis was given to interaction with constituencies outside the institutions through public relations or public service. Administrators in growing institutions emphasized just the opposite--high emphasis on public relations and service, low emphasis on finances and budgeting (see figure 6).

FIGURE 6 ABOUT HERE

It appears that under conditions of decline, institutions seemed to de-emphasize activities that were thought to be non-essential or auxiliary to the main concerns of the institution (e.g., community service, building social networks through public relations). Ironically, by ignoring these factors, institutions may place themselves at a disadvantage in overcoming decline by narrowing their potential resource suppliers and bases of political support. Administrators in rapidly growing organizations had almost an opposite profile in that they placed more emphasis on external factors and less emphasis on budgeting, finances, and fund raising than did administrators of declining organizations. Growth appears to free top administrators from financial and budgeting concerns, so that, as predicted by Adizes (1979), it may lead to more entrepreneurial activity involving service to constituents outside the institution and cultivating potential sources of support through public relations.

While this study represents a limited sample of schools and must be classed as exploratory, the results nevertheless provide some support for

the notion that administrators in declining institutions tend to respond with conservatism and an efficiency emphasis significantly more than do administrators in growing organizations. Hedeberg, Nystrom, and Starbuck (1976), Weick (1977), and others have suggested that "self designing" characteristics such as innovation, fluidity, and adaptability to external environments are appropriate prescriptions for institutions facing conditions of decline. Unfortunately, this study's results suggest that administrators in declining colleges and universities behave in ways opposite to these prescriptions. That is, they focus on internal resource allocation problems (budgeting and finance), they rely on past policies and practices (standardization), and they do not value organizational goals in the critical academic domain which lies at the center of college and university output. Administrator behavior in these declining organizations may actually perpetuate the decline by eliminating the possibility of expanding resource bases through proactive environmental contacting (e.g., public relations work), by relying on standardized procedures that were successful in past (outdated?) circumstances, and by driving out self-designing characteristics.

Research on Decline in the Private Sector

Given thse tendencies among college and university administrators, are there alternatives for managing decline in a way that more clearly matches the prescriptions? Do examples exist of organizations that have managed decline differently? The answer to both questions is yes, and a study by Miles and Cameron (1982) illustrates this response. While this study focused on private sector organizations, some lessons may be learned by administrators and managers in higher education from the responses of

these private sector managers that are applicable to education's current circumstances.

This study investigated the U. S. tobacco industry from 1950 to 1979 and sought to answer the question, "How is it that the U. S. tobacco firms have been so successful over time in spite of facing conditions of decline?" Few private sector industries have faced a more hostile external environment over the last 30 years than has the tobacco industry. Some of the findings that have applicability to higher education are explained below.

The U. S. tobacco industry consists of six firms which produce 99 percent of all domestic cigarettes. Each of the firms enjoyed constrant and consistent growth from 1906 (when many of the firms were created by a trust bust) through 1953. In 1954, however, environmental threats created the first conditions of decline for the industry. A Sloan Kettering report linking smoking to cancer and a lead article in the Reader's Digest on the health hazards of smoking brought public attention to the issue and caused consumption and sales patterns to decline for the first time. Thereafter, the Surgeon General's report in 1964, the formation of several federal and state commissions with the express mandate to abolish smoking (e.g., Action on Smoking and Health), mandated health warnings on all packages and in all advertising in 1965, the advertising ban of cigarettes from all radio and television in 1969, large state and community tax increases on tobacco amounting to at least half the price of a pack of cigarettes, and ambient smoke legislation passed in a large number of states outlawing smoking in public transportation and in public buildings served to create a hostile and turbulent environment for the tobacco

firms. Figure 7 presents a summary of those events. The environment was somewhat more severe but not unlike that faced by

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FIGURE 7 ABOUT HERE

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higher education institutions today. Declining enrollments, higher costs, questioning of the value of higher education for job success, more federal regulation coupled with less federal financial support, and so on, all produce an environment conducive to conditions of decline for colleges and universities. The tobacco firms, however, responded much differently than appears to be the case in higher education. Questions of efficiency were never a significant part of their organizational strategies, and a conservative orientation would probably have proven fatal. Instead, three major strategies for coping with conditions of decline were implemented. Table 1 lists these three types of strategies along with their major emphases.

TABLE 1 ABOUT HERE

First, the firms engaged in <u>domain defense</u> strategies. These were strategies designed to preserve the legitimacy of the core domain of the industry. These strategies took the form of joint ventures among the firms such as an industry lobbying group and a government liaison office. Large amounts of money was donated in support of tobacco and health research,[3] senators in states highly dependent on tobacco production were

mobilized, publicity campaigns pointing out the favorable balance of payments resulting from activities by the tobacco firms occurred, and self-initiated advertising controls were implemented. The result was that the core domain of the tobacco firms became somewhat buffered from environmental conditions (so that they didn't have to respond to each new crisis or attack), and most importantly, the firms bought themselves time to determine more long-range, proactive strategies to strengthen the industry.

Their success in defending their domains made it possible for firms then to engage in domain offense strategies. Domain offense strategies are designed to expand the domain of the organization. As with domain defense strategies, they are proactive strategies aimed at doing the right things (effectiveness) rather than doing things right (efficiency). The tobacco firms implemented domain offense strategies by expanding their products (i.e., filter cigarettes, low-tar cigarettes, women's cigarettes, macho cigarettes), segmenting their markets, focusing on overseas markets, and so on. Rather than focusing on how they could produce their products more efficiently, they concentrated on effectiveness questions instead--what were the best products to produce? And rather than being conservative or reactive in orientation, they were proactive, even aggressive, in pursuing effectiveness strategies.

Their success in domain offense strategies created the resources necessary to engage next in domain creation strategies. The goal of domain creation strategies is to add related domains, to diversify, or to spread the risk. In every case, the most successful domain creation strategies occurred in areas where the firms already had some knowledge or expertise (e.g., consumer products). But it is important to keep in mind

that the firms determined to engage in entirely new activities, even under conditions of decline. Among the most successful domain creation strategies engaged in was diversification through the acquisition of other firms such as Miller Brewery, 7-Up, Del Monte foods, Gimbles, Kohls, and Saks Fifth Avenue stores, AMF sporting goods company, and so on.

The most effective tobacco firms over the 30-year period were those that acted proactively as opposed to being reactive in dealing with conditions of decline, and those that concentrated almost entirely on enhancing organizational effectiveness as opposed to organizational efficiency. Effective firms also paid particular attention to adapting to and manipulating the external environment rather than focusing mainly on internal processes and procedures. In other words, the most successful firms did almost the opposite of what many colleges and universities are doing when faced with conditions of decline. Colleges and universities are often conservative, efficiency oriented, and internally focused. Tobacco firms were innovative, effectiveness oriented, and externally focused.

Applicability of Private-Sector Findings to Higher Education

Of course, the conditions faced by colleges and universities are not identical to those faced by the tobacco firms, and the differences in organizational type can make important differences in appropriate responses to conditions of decline. On the other hand, the domain strategies identified by Miles and Cameron (1982) for the tobacco firms appear to have applicability across organizational types and specific environmental conditions. And institutions of higher education may benefit by re-thinking their approaches to conditions of decline on that basis.

For example, activating support groups such as alumni, forming lobbying organizations, or acquiring increased operating autonomy from state legislature (e.g., Gillis, 1981) are examples of some possible domain defense strategies. These strategies are designed to generate support for the institution among legitimizers, so that they can help protect the institution from adverse effects of decline. A major outcome of domain defense strategies is buying time for the institution to garner its resources and plan for domain offense strategies.

Domain offense may include the expansion of current markets or student groups, using current resources to engage in extra non-traditional activities (e.g., management development, re-certification programs, second language training), or cultivating alternative revenue sources. These strategies provide ways for the institution to remain effective and efficient using current capacities. The purpose is to do more of what the institution already does well, and to broaden institutional appeal.

Domain creation strategies, which should be considered only after defense and offense strategies have been implemented might include new course or program offerings in high demand areas, acquiring revenue, generating subsidiaries, or capital investment. These strategies create new opportunities for institutional success while minimizing the risk of being over-specialized in areas where resources are decreasing. Creating new domains of activity helps place the institution in a munificent environment that is likely to reverse the trends toward decline.

Implementing these three strategies in combination can help alleviate the pressures administrators feel, when faced with conditions of decline, to respond conservatively and with an efficiency orientation. To explain how, it is necessary to identify 15 factors both inside the institution

and outside the institution that put pressure on administrators to respond in this potentially counter-productive way. These factors are mentioned both to demonstrate the usefulness of the three types of strategies, and also to point out the most important factors that administrators should monitor when facing conditions of decline. That is, these factors should be included in any diagnosis of the conditions of decline in order to select the appropriate strategies for coping with those conditions. Factors external to the organization are listed first followed by the factors internal to the organization.[4]

External Factors

1. Lead time, or the amount of advanced warning time the organization has before the conditions of decline are experienced. Less lead time creates pressures for conservative strategies.
2. Clarity of the problems faced, or the extent to which the causes of the decline can be pinpointed. Less problem clarity creates pressures for conservative strategies.
3. Consensus of external constituencies, or the extent to which important groups outside the organization all agree on a position detrimental to the organization. The more consensus among external constituencies that is contrary to the organization's goals, the more pressure for conservative strategies.
4. Domain choice flexibility, or the amount of freedom an organization has to add or substitute a new domain of activities, rather than having its total domain mandated. The

less domain choice flexibility, the more pressure for conservative strategies.

5. Political slack, or the loyalty to the organization of some powerful constituency (e.g., resource provider). The less political slack, the more pressure for conservative strategies.
6. Severity of the threat, or the extent to which the conditions of decline are likely to produce a serious threat or a minor threat. The less severe the threat, the more pressure for conservative strategies.
7. Duration of the threat, or whether the declining conditions last a long time as opposed to being temporary. The shorter the duration, the more pressure to conservatively wait it out.
8. Source of threat, or whether the factors contributing to conditions of decline are close to the organization and therefore controllable or manageable by it, rather than being in the uncontrollable second-order environment. The less the organization's ability to control the threat, the more pressure for conservative strategies.

Internal Factors

9. Economic slack, or the amount of savings and uncommitted resources plus the diversity of places from which resources come. The less economic slack, the more pressure for conservative strategies.
10. Previous experience of administrators, or the extent to which strategic decisionmakers have had experience with patterns of stability or decline in the past. The less previous experience with decline, the more pressure for conservative strategies.

11. Internal distribution of resources, or whether there is a norm of equal or unequal dissemination of resources across the subunits of the organization. Equal distribution norms create pressure for conservative strategies such as across-the-board cuts.

12. Resource dependence of subunits, or the extent to which subunits are all dependent on one source for their support. The more dependence on one source, the more pressure for competition among units and conservative strategies aimed at satisficing.

13. Traditional role of administrators, or the extent to which administrators are viewed in the organization as resource acquirers or as resource allocators. The less administrators are seen as resource acquirers, the more pressure for conservative strategies.

14. Strategic competence of the institutions, or the extent to which the organization has the strategic competence to innovate as opposed to react, or to defend as opposed to recoil. An absence of a strategic competence leads to pressure for conservative strategies.

15. Size and complexity of the institution. The larger and more complex the organization, the more pressure for conservative strategies because of the multiple vested interest groups, and their negotiated trade-offs.

Table 2 summarizes these 15 factors that orient administrators toward conservatism, and it points out how the three strategic types help overcome or negate those factors. In general, the table shows that a variety of conditions may exist that lead many administrators to attend mostly to internal resource allocation concerns. The pressure is to

behave conservatively and protectively. Domain defense, offense, and creation strategies, however, are shown to resolve effectively to these conditions or to nullify them completely. These strategies focus more on influencing the external environment so as to make it more munificent and supportive of the institution's activities. Therefore, by thinking about strategies in terms of their emphasis on domain defense, offense, and creation, administrators are able to determine appropriate responses to conditions of decline that are more consistent with theoretical prescriptions and that have a long-term potential for success.

TABLE 2 ABOUT HERE

Conclusion

The major point being made in this paper is that many administrators and managers in colleges and universities are responding to conditions of decline by being conservative and efficiency oriented. A number of factors which create pressure to respond in this way have been enumerated. Those orientatons, however, have proven detrimental to organizational effectiveness over the long term in other organizations in the private sector. It may be time for managers and administrators in higher education to begin thinking seriously about refocusing their attention. Domain defense, offense, and creation strategies which focus on effectiveness, innovation, and the external environment are one alternative framework for administrators to use as they consider how to cope with conditions of decline. These strategies are available to most

institutions, and they appear to be more appropriate for declining conditions than current emphases.

Footnotes

1 Conditions of decline are a product of the external environment in which colleges and universities exist. These conditions may arise from enrollment trends, financial exigencies, unexpected disasters, and so on. An institution existing in conditions of decline will not necessarily undergo a decline itself, depending on how the conditions are managed.

2 Complete details of the analyses and results of the study are not described here in detail since they are being used only to illustrate the main point of this paper. However, the study and its findings are available from the author.

3 It is ironic that the tobacco firms would be the largest supporter of tobacco and health research since that research is largely damaging to the industry. However, when tobacco firms fund the research, not only are they the first to know the results (sometimes by several years), but they become the most informed. When congressional hearings are held, for example, representatives of tobacco firms have to be invited to testify.

4 These factors are explained in more detail in Miles and Cameron (1982) and in Whetten (1980a).

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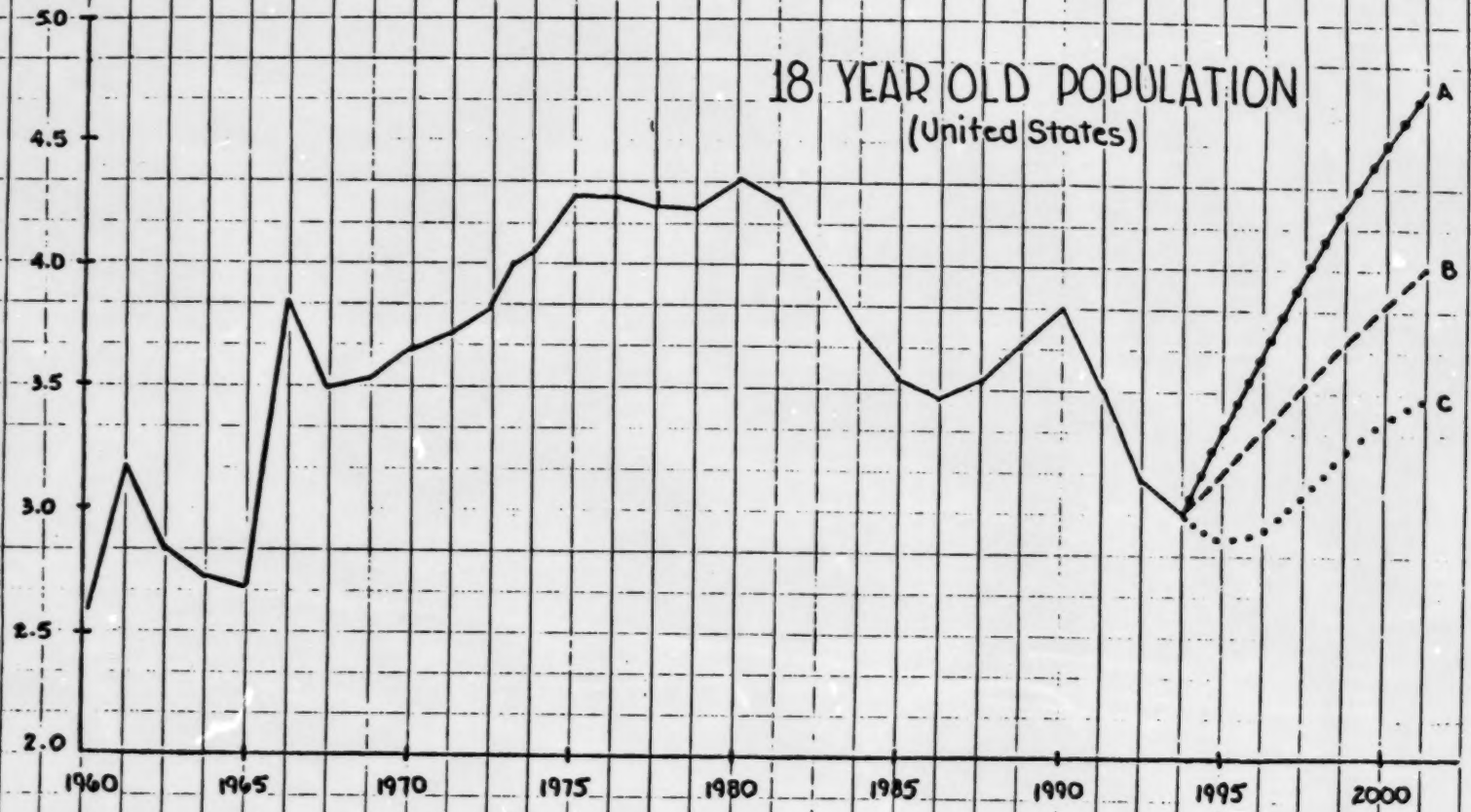
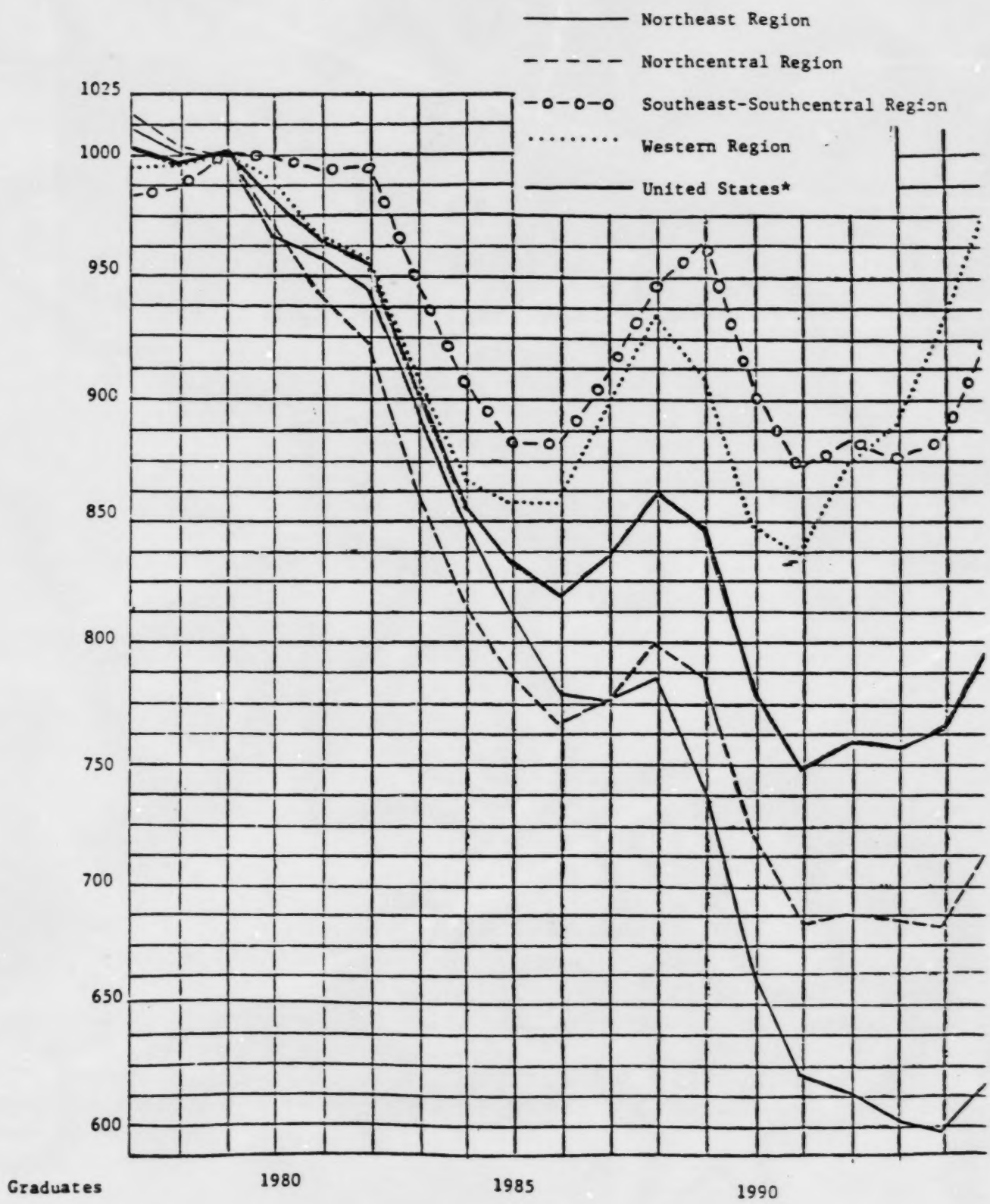
FIGURE 1: Census data on the 18 year old population.



A) 2.7 lifetime births per woman
B) 2.1 lifetime births per woman
C) 1.7 lifetime births per woman

SOURCE: U.S. Census Bureau, Current Population Reports, Series P-25, #519, #601.

FIGURE 2: PATTERN OF HIGH SCHOOL GRADUATES BY REGION



*Based on sum of projections for states
U.S. Census Bureau, Current Population Reports.

Figure 3 Perceptions of structure and the external environment among declining, stable, and growing institutions

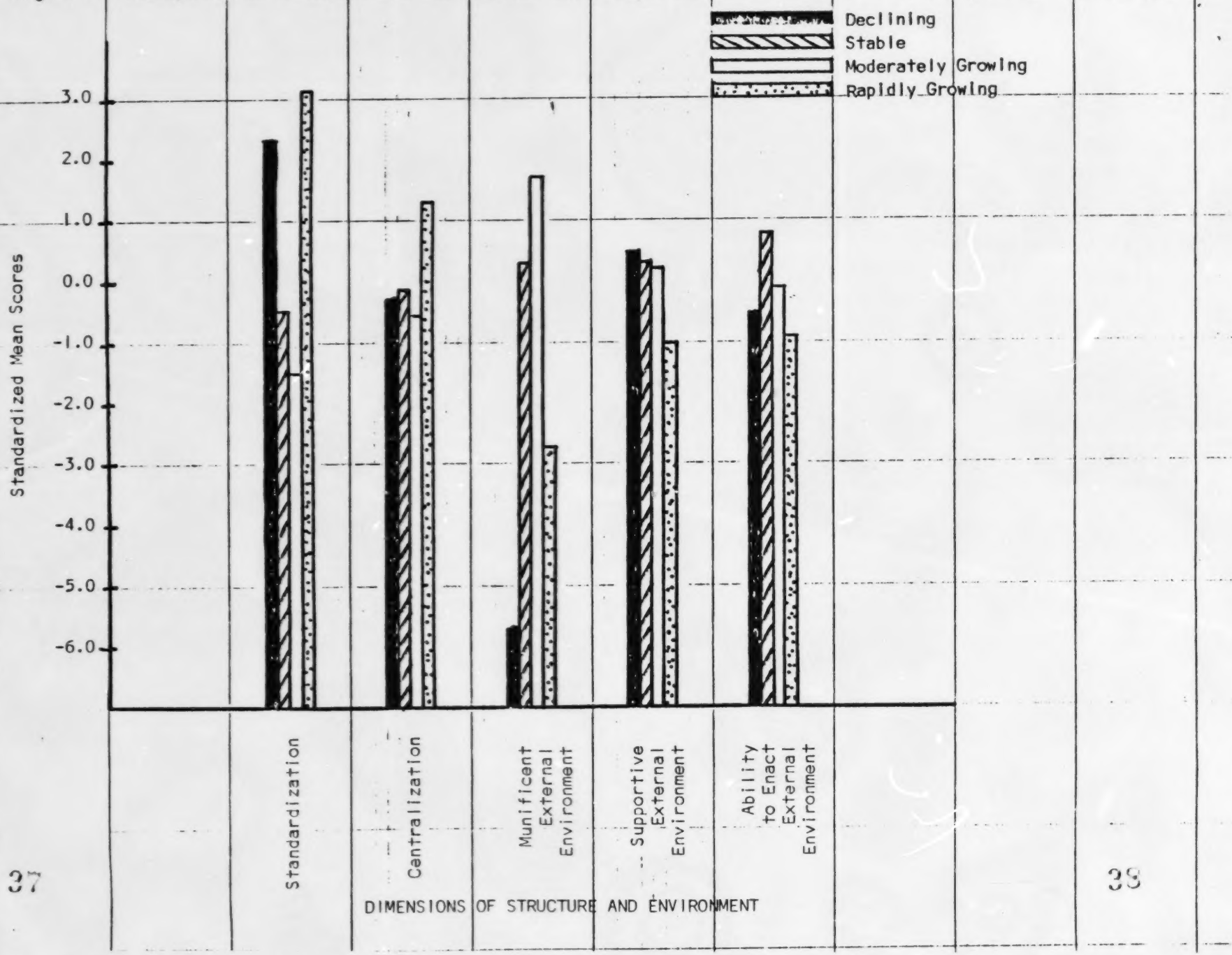


Figure 4 Perceptions of organizational effectiveness among declining, stable, and growing institutions.

Figure 5 Ratings of major goals of declining, stable, and growing institutions.

Figure 6 Ratings of strategic emphases of top administrators in declining, stable, and growing institutions.

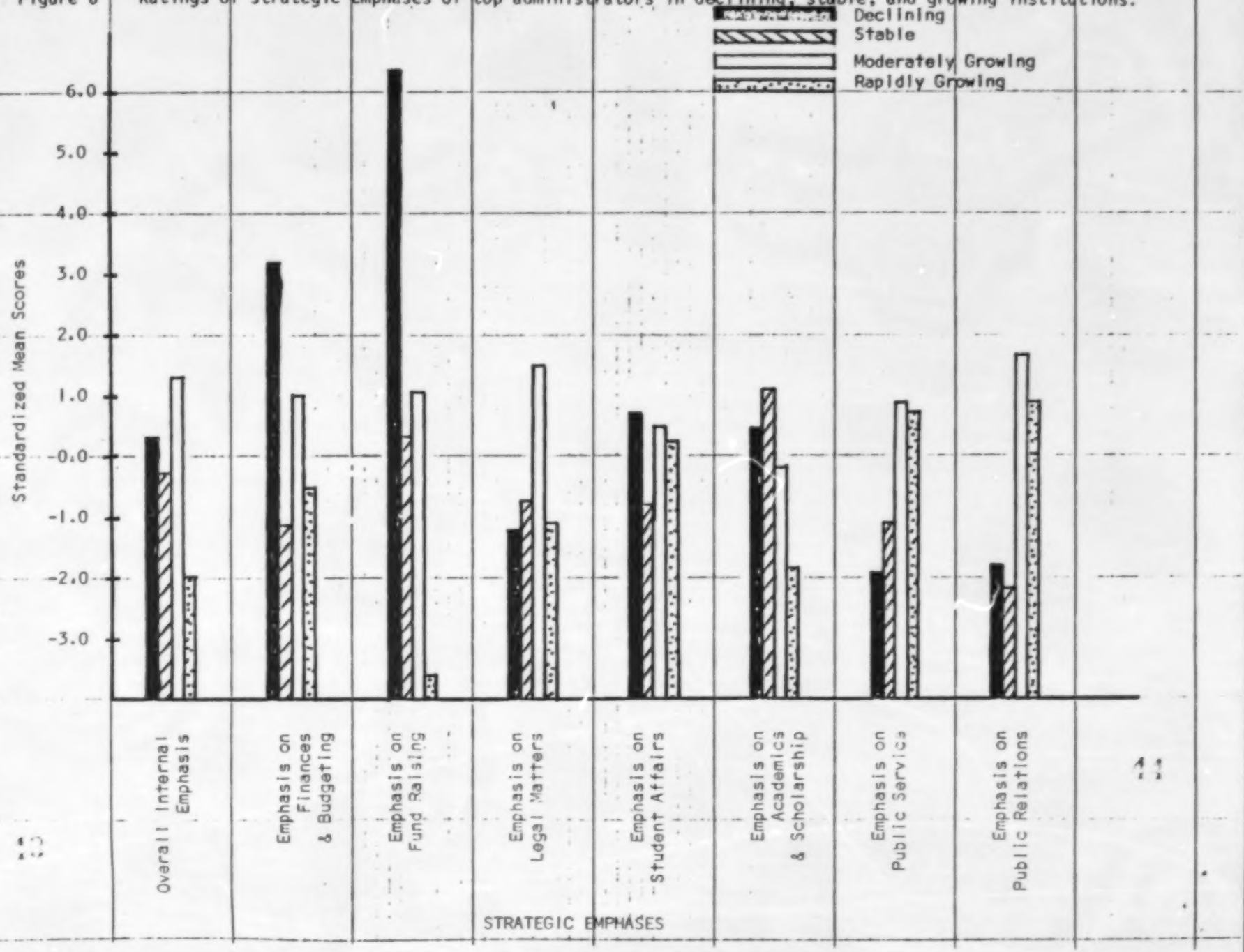
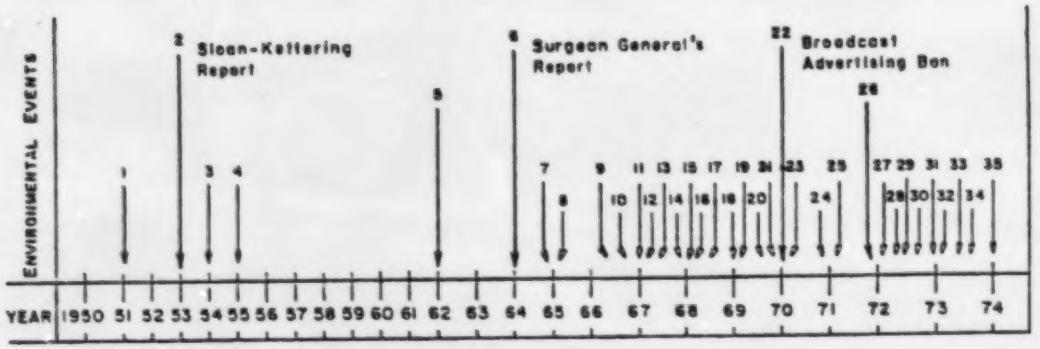


Figure 7

KEY ENVIRONMENTAL EVENTS IN THE U.S. TOBACCO INDUSTRY: 1950-1974


ENVIRONMENTAL EVENTS
2 Sloan-Kettering Report
5
6 Surgeon General's Report
22 Broadcast Advertising Ban
26
YEAR 1950 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74

1 1951 Excise tax increase (federal); Excess Profits Tax levied.

2 1953 Sloan-Kettering Report linking smoking to cancer.

3 1954 Reader's Digest article relating smoking to cancer.

4 1955 First FTC advertising guidelines imposed.

5 1962 Surgeon General's committee formed to study smoking and health.

6 1964 Surgeon General's Report.

7 1965 FTC Advertising Code passed (required package warning label).

8 1965 National Clearinghouse on Smoking and Health established.

9 1967 FTC initiated tar and nicotine studies.

10 1967 FTC began reporting (by law) to Congress on effectiveness of cigarette advertising.

11 1967 Anti-smoking television ads began.

12 1967 The equal time ruling was made (equal anti-smoking advertising time required on broadcast media).

13 1967 First World Conference on Smoking and Health held.

14 1968 FTC first recommended ban of cigarette advertising on broadcast media.

15 1968 A major anti-smoking broadcast media campaign was launched.

16 1968 ASH, the anti-smoking organization was launched.

17 1968 Extreme pressure was exerted on the broadcast media to air anti-smoking advertisements (WIBC was threatened with license revocation).

18 1969 The "Fairness Doctrine" was upheld by the Supreme Court.

19 1969 California banned television advertising of cigarettes.

20 1970 Major airlines begin to institute no-smoking sections on planes.

21 1970 Cigarette package warning labels were required to be stated more unequivocally.

22 1970 Legislation passed banning cigarette advertising from all broadcast media (radio and television).

23 1970 Fourteen states raised cigarette taxes.

24 1971 A bill was proposed in Congress to eliminate all federal subsidies to tobacco growers.

25 1971 The ICC banned smoking in all interstate buses except for the last five rows.

26 1972 The constitutionality of the television and radio advertising ban was upheld by the Supreme Court.

27 1972 The Second Surgeon General's Report established that low-tar cigarettes are not as dangerous to health and that breathing other people's smoke is dangerous to the nonsmoker's health.

28 1972 Health warnings were made mandatory in all cigarette advertising.

29 1972 A federal tax increase on tobacco was defeated.

30 1972 All airlines volunteered to establish no-smoking sections.

31 1973 The Little Cigar Act was passed.

32 1973 Arizona became the first state to pass a law banning smoking in public buildings.

33 1973 The CAB issued a regulation requiring separate smoking/nonsmoking sections on all commercial airlines.

34 1973 A bill to ban all cigarettes over 21 mg tar was introduced into Congress.

35 1974 Twenty-seven states had passed laws relating to nonsmoker's rights.

Source: Miles and Cameron (1982).

TABLE 1 Three types of strategies for coping with conditions of decline

1. DOMAIN DEFENSE STRATEGIES

   The major emphasis is on preserving the legitimacy of the domain.

2. DOMAIN OFFENSE STRATEGIES

   The major emphasis is on expanding the current domain of activities.

3. DOMAIN CREATION

   The major emphasis is on adding domains or creating new areas of institutional activity.

TABLE 2 Factors leading to conservatism as a response to decline and suggested solutions using domain defense, offense, and creation

CONDITION LEADING TO CONSERVATISM	SOLUTION LEADING TO EFFECTIVE COPING
1. Little lead time	1. Domain defense is designed to create lead time.
2. Little problem clarity	2. Domain defense creates time to clarify threat.
3. Contrary consensus among constituencies	3. Domain defense is designed to counter consensus and to diffuse it.
4. Little domain choice flexibility	4. Domain offense creates expension within a prescribed domain.
5. Little political slack	5. Domain defense is designed to build political slack.
6. Little severity of threat	6. Domain offense and creation are easier to implement when threat is less severe.
7. Short duration	7. Domain defense helps institutions become buffered from short-term threats.
8. UncontroTable threats	8. Domain defense is designed to buffer the institution from threats that it cannot control.
9. No economic slack	9. Domain offense creates slack.
10. No previous administrator experience	10. Domain defense buys time to determine the best offense and long term adaptation strategies.
11. Norms of equal distribution	11. Domain offense and creation help necessitate prioritizing, and they make resources available so across-the-board cuts are less likely.
12. One resource base	12. Domain offense and creation make available multiple resource bases.
13. Administrators are viewed as allocators	13. Domain offense and creation produce conditions where administrators become resource generators.
14. Absence of strategic competence	14. Domain defense helps identify strategic competence and domain offense helps expand it
15. Large size and complexity	15. Domain defense helps buffer the institution from multiple, conflicting demands.